

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NCN COMMUNICATIONS,)	
INC. AS A RESELLER OF TELECOMMUNICATIONS)	CASE NO. 90-099
SERVICES WITHIN THE COMMONWEALTH OF)	
KENTUCKY)	

O R D E R

IT IS ORDERED that NCN Communications, Inc. ("NCN") shall file the original and 10 copies of the following information with the Commission. The information requested is due no later than 30 days from the date of this Order. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. Such motion will be considered by the Commission.

1. Has NCN been authorized to operate by the regulatory commissions of any state? If so, provide copies of correspondence or commission orders authorizing NCN to provide service.

2. Does NCN plan to do business or otherwise hold itself out to the public under any name other than "NCN Communications, Inc."?

3. Does NCN have any affiliated companies? If so, describe all companies and the relationship between each affiliate. Specifically, describe the relationship between NCN

Communications, Inc., National Communications Network, Inc., and
ATS Communications, Inc. referenced on page 9 of the information
received by the Commission on June 4, 1990.

4. Describe in detail the equipment leased by NCN referred
to on page 12 of the information received by the Commission on
June 4, 1990.

5. Provide a full description of an NCN marketing
franchise, NCN sales representatives and sales managers mentioned
on page 8 of the information received by the Commission on June
4, 1990. Include the eligibility requirements for obtaining a
franchise, the requirements necessary to maintain a franchise,
all of the services performed for NCN by the franchise holder,
and the method of compensation received by the franchise holder
for such services.

6. Describe the 10 franchises NCN has sold which are
referred to on page 9 of the June 4, 1990 filing including the
holders of all such franchises.

7. Provide a narrative description of the marketing
techniques used by or planned to be used by NCN and any
affiliate.

8. The cover letter filed with the application on March
12, 1990 states that NCN's customers will be "connected to large
reputable national carriers already regulated by the Commonwealth
of Kentucky." To whom does this statement refer? Does NCN
consider itself an agent of these national carriers? Describe
the relationship between NCN and any and all other national
carriers to which NCN's customers are to be connected. Provide

any and all contracts between NCN or its affiliates and any other national carrier for the provision of this service. Does NCN plan to charge any rates not contained in the rates of such national carriers?

9. Provide a full and complete description of what is meant by a "switchless reseller."

10. Clarify what is meant by the statement contained in the March 12, 1990 cover letter that "MCI will provide all technical support for its own facilities, which are presently in use by MCI customers." Specifically, delineate what services MCI will provide to NCN.

11. NCN is requesting intraLATA¹ operating authority; however, its application does not contain any evidence that NCN will provide intraLATA services through the resale of local exchange carrier WATS,² which is the only type of intraLATA competition currently permitted. Provide a description of how NCN intends to provide intraLATA services.

12. Does NCN intend to resell services of interLATA carriers that originate or terminate traffic using dedicated or special access? Examples of such services are MegaCom, Prism I, and UltraWATS.

13. Section 2.1 of NCN's proposed tariff states that "services are furnished for communications originating at equal access points. . . ." Is it NCN's intention to always limit its

¹ Local Access and Transport Area.

² Wide Area Transport Service.

services to equal access areas, or is this limitation only temporary?

14. NCN's proposed tariff, Section 3.5.1, refers to intraLATA five digit code access calling, in which customers dial "10XXX," where "XXX" refers to a carrier's identification code. The tariff states that these codes "are unique to the carrier through which NCN provides service to the customer, and are available from NCN."

a. Is it NCN's understanding that if the facilities-based carrier through which NCN provides services is not authorized to provide intraLATA services, such carriers would be accessed if a customer dials "10XXX" plus an intraLATA telephone number?

b. As any telephone subscriber, not just NCN's customers, can access carriers in this manner for interLATA and interstate calls, explain how the facilities-based carrier can distinguish between NCN's customers and other callers, to avoid bills being rendered by both the facilities-based carrier and NCN.

15. The proposed tariff, Section 3.5.1, states "[t]he customer's telephone line is programmed by the LEC to automatically route 1+ interLATA calls to the carrier providing service to NCN." In the absence of access services unique to NCN, how does "the carrier providing service" to NCN distinguish between its own presubscribed customers and NCN's customers? For instance, will the facilities-based carriers be told to bill

calls from certain telephone numbers to NCN, who will in turn bill its customers?

16. Provide a complete description of how NCN intends to bill customers for each of its services. For example, some services could be billed to the calling telephone number using automatic number identification and possibly, billing and collections services, obtained from the local exchange carriers, either directly or through one or more intermediaries. Some operator-assisted services could be billed collect, third-party, or through calling cards issued by other carriers, again with bills rendered through local exchange carriers. Other services could be billed using personal identification numbers issued by NCN for the purpose of identifying, and directly billing, its customers. Clarify which type of billing is applicable to each of NCN's services, and if the above descriptions are not all inclusive of NCN's billing practices, provide a complete description, including methods of customer identification, message recording and rating, and identification of the entity, in generic terms such as "local exchange carrier," which renders the bill to the customer.

17. On the balance sheet dated December 31, 1989, "Fixed Assets" totaled approximately \$108,200. On the pro forma balance sheet as of September 30, 1992, the value of fixed assets had increased to approximately \$2,500,000. Explain what is included in the fixed assets account and why it increased so dramatically during this period.

18. In Administrative Case No. 330,³ the Commission is establishing rules and restrictions pertaining to operator-assisted services. NCN's proposed tariff does not appear to conform with these rules and restrictions. If this is an oversight, provide a modified, conforming tariff. If NCN does not feel that its operator-assisted services should be subject to the same rules and restrictions applied to other carriers, provide reasons why the Commission should grant an exception.

19. Reference tariff Section 2.1. Provide authority for refusing service based on credit history. No provision is made in the tariff for requiring a deposit in order to guarantee payment of bills as allowed by 807 KAR 5:006, Section 7. Has NCN considered requiring deposits? If not, why not?

20. Reference tariff Section 2.7. What criteria will be used to determine whether an advance payment is required? Explain why a deposit allowed by 807 KAR 5:006, Section 7, would not be a more equitable and satisfactory method of guaranteeing payment of bills.

21. Section 2.9.2 of NCN's proposed tariff allows billing surcharges for local taxes. Does NCN intend to separately bill for local income or property taxes?

22. Section 2.9.4 of NCN's proposed tariff allows a late charge to be assessed to balances remaining unpaid after 30 days following the billing date. Will the late charge apply to services billed in advance or to unpaid late charges previously

³ Administrative Case No. 330, Policy and Procedures in the Provision of Operator-Assisted Telecommunications Services.

assessed? Is NCN aware of the Commission's late payment penalty policy which prohibits compounding penalties?

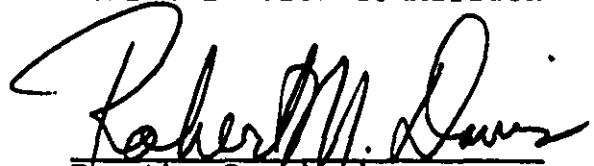
23. Reference tariff Section 3.1. Explain why a call should not be terminated when either party hangs up rather than the calling party.

24. Section 3.2 of NCN's proposed tariff contains a description of distance calculations, which is based on rate centers coordinates "as obtained by reference to FCC AT&T Tariff No. 10." Is it NCN's intention to provide the referenced tariff to the Commission?

25. Reference tariff Section 4.1. Is it intentional for the same rates to be applied for both initial and additional minutes?

Done at Frankfort, Kentucky, this 5th day of July, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director